



Indiana INVESTIGATES

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Did you know...

The **FSSA Compliance Division** has the following criminal cases pending resolution by the Indiana courts:

127 TANF/Food Stamps/Medicaid cases: \$1,728,104*

35 CCDF cases: \$490,002

3 IMPACT cases: \$347,650

**This figure includes two First Steps provider cases.*

The **DNR Law Enforcement Division** has made 49 methamphetamine arrests in the last 6 months.

The **Indiana Gaming Commission** had its first group of 17 gaming agents graduate from the Indiana Gaming Agent Academy on March 29th.

2006 Future Meetings:

Thursday, June 22, 2006, 9:00am, Conf. Rm. 22

Auditor and Investigator Meeting

Thursday, September 21, 2006, 9:00am, Conf. Rm. 17

Auditor and Investigator Meeting

Thursday, December 7, 2006, 9:00am, Conf. Rm. 22

Winter Summit

Other Dates of Interest:

Conference: *Emerging Trends in Fraud Investigation and Prevention*
May 23-24, 2006, Columbus, OH

Indiana Fraternal Order of Police Annual Conference, June 14-17, 2006

Indiana Prosecuting Attorneys Seminar, July 5, 2006

Indiana Sheriffs' Association Annual Conference, July 28-31, 2006

*Does your agency have news or ideas to share? We would love to hear from you.
Please email Melissa Nees at mnees@ig.in.gov.*

MEETING SUMMARY

March 23, 2006

The last quarterly meeting for the Indiana investigative group met on March 23, 2006 in the Indiana Government Center South. The two speakers were Jack Sandlin of the Association of Certified Fraud Examiners and Zach Mathews, Internal Affairs Officer for the DNR Law Enforcement Division.

Jack Sandlin explained the various duties and facets of the Association of Certified Fraud Examiners (ACFE). The ACFE is comprised of anti-fraud professionals from many fields, such as auditors, law enforcement and government agencies, law firms, and universities. Any interested person may become an associate member of the ACFE, or may also pursue becoming a Certified Fraud Examiner (CFE). A CFE may resolve allegations of fraud, gather evidence, take statements, write reports, and testify to findings. Becoming a CFE has many benefits, including earning a 23% higher average base salary than those in similar fields, but also requires various qualifications to be met in work experience and education, as well as successful completion of the CFE exam.

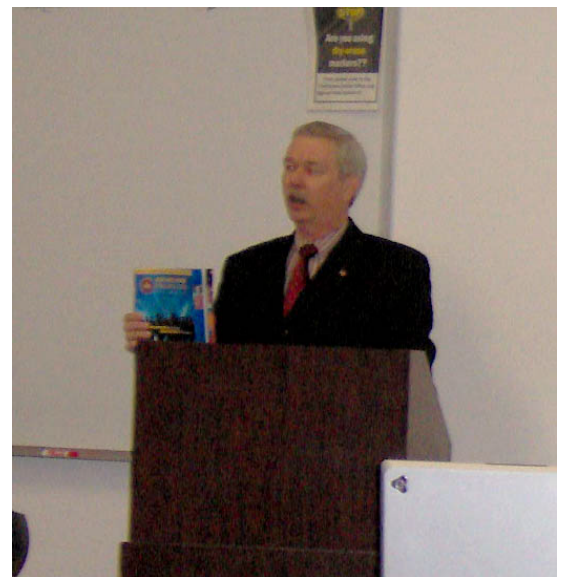
Zach Mathews of the DNR Law Enforcement Division followed next with a presentation on the different types of cases investigated within their agency. These investigations include homicides from hunting and drowning, boating accidents, wildlife forensics, and theft (timber, historic artifacts).

Several topics were addressed in the open discussion segment of the meeting. It was suggested that an online bulletin board forum be created and made available to Indiana investigative employees so that they may communicate between agencies and share investigative resources. Although this will require security permissions for access, it will not be designed as a forum to discuss case specific information, but mainly used to share questions and answers, as well as any other helpful investigative information. The Office of Inspector General is looking into several options for this program.

It was also suggested that roundtable discussions be incorporated into meetings and that agencies partner together to have training forums to share their resources. It may even be possible to give training credit for attending these sessions.

The need for speakers and presentations for future meetings was also addressed. If you have something you'd like to present, please inform the OIG.

Related information:
Association of Certified Fraud
Examiners (ACFE):
www.ACFE.com,
 email: info@ACFE.com,
 or phone 800.245.3321
Department of Natural Resources,
Law Enforcement Division:
www.in.gov/DNR/lawenfor/



Jack Sandlin explains the ACFE to the group.

THE STATE BOARD OF ACCOUNTS

A Brief History

by Mike Hoose, SBOA

Established in 1909 and originally created in response to widespread political corruption throughout the State of Indiana, the State Board of Accounts has become the foundation of financial auditing and reporting for state and local government. In the early 1900's, the citizens of Indiana became outraged at the numerous and continuous instances of theft of public funds. However, when these instances of theft became apparent, it was almost impossible to verify the amount of shortage of funds since bookkeeping requirements did not exist. In response to the public's perception of widespread corruption, the General Assembly created a Department of Inspection and Supervision of Public Offices in 1909.

The Department was to be administered by the State Board of Accounts. As originally established, the Governor, Auditor of State and State Examiner comprised the State Board of Accounts. In 1945, the General Assembly changed the composition of the State Board of Accounts. The agency is now administered by a three member board which is appointed by the Governor and represents both major political parties. The professional staff, many of which are Certified Public Accountants, take an oath to support the state and its laws in a professional and competent manner.

As in 1909, the primary responsibilities of the State Board of

Accounts are to conduct post audits of all public offices, to ensure compliance with the statutes of Indiana, to prescribe and approve forms, and to create a uniform system of accounting and financial reporting in Indiana for all units of government. In addition, the State Board of Accounts provides training for public officials and employees; publishes manuals, newsletters, and technical bulletins; and provides consulting services to officials on the state and local level.

In recent years, the State Board of Accounts has been given additional statutory responsibilities in the areas of federal fund audits, audits of nongovernmental entities, election recounts, and special studies created by the General Assembly. During the past year the State Board of Accounts has assisted the Inspector General in a number of fraud cases and investigations. The State Examiner participates on the State Board for Depositories and the Oversight Commission on Public Records by statute. In addition, the State Board of Accounts is a member of the Government Finance Officers Association and the National Association of State Auditors, Comptrollers and Treasurers.

The State Board of Accounts is dedicated to serving the citizens of Indiana by providing on-time quality services at the best possible value to the State of Indiana, its agencies, and political subdivisions. The services provided by the State Board of Accounts help make Indiana's citizen-run government a workable concept.



DIGITAL CASE PRESENTATION

by Sgt. Zach Mathews
Indiana Conservation Officer Detective

I slid my chair just inches from the suspect, maintaining eye contact the entire time. Sweat was beading on his forehead and his knee bounced every time I asked about his whereabouts the night before. The large vein in his neck was pulsing as his heart responded to his nervous system going into overdrive. To anyone watching the interview, it would be plain to see from the suspect's body language that he was guilty of committing a crime. However, to anyone reading a transcript of this interview, it may not be so obvious.



Sgt. Mathews teaches the group during the January meeting.

Digital Case Presentation is a system designed to assist investigators with presenting complex and detailed investigations in a condensed format loaded with document attachments, audio, and video clips. This system helps with two major obstacles investigators are faced with when presenting a completed investigation: how to express the complexity of all we see and hear in a case report, and how to make the information easy to access so that even the busiest prosecutor, US attorney, or supervisor will review the entire report.

Conservation Officer Detectives such as myself face obstacles with just about every case we investigate. There are only nine Conservation Officer Detectives to cover the entire State of Indiana. The crimes we investigate occur on both public and private property and range from fish and wildlife violations to crimes against people, such as homicides. Because we investigate crimes in multiple jurisdictions, both inside and outside of Indiana's boundaries, we find ourselves presenting our cases to a diverse group of decision makers.

The idea is simple. A prosecutor is more likely to read, listen, and watch interview video if it is available at the computer in front of him. I think of my digital case presentations as a children's pop-up book. I want the important information to jump right out and get the attention of the reader. Interview video and audio links have become such an important asset to the case reports of all Indiana

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DIGITAL CASE PRESENTATION CONT'D

Conservation Officer Detectives that they are now expected.

Interviews are often one of the most important tasks an investigator must accomplish during an investigation. If you simply look at the words that are said during an interview, such as in a transcript, you will inevitably lose important information that could otherwise change the outcome of your investigation. We interact with people every day in a three dimensional world, but as detectives we quite often try to convey important investigations in a two dimensional black and white case report.

An interview with a potential suspect is never as simple as asking questions and getting a response. Eighty percent of communication is nonverbal. Often, humans use subtle body language to express what they are thinking without even recognizing it. The remaining twenty percent of communication, verbal exchange, is largely comprised of tone and the inflection in a person's voice. The words a person uses, how they use them to build sentences, and the subtle emotions attached to these words are all important to an investigator. These subtle responses can indicate guilt in the form of a tacit confession. A tacit confession is implied or indicated but not actually expressed. Case reports often fall short in documenting these tacit confessions. We now impute these important yet elusive responses into our reports.

How do we do it? We have learned to become mobile interview rooms equipped with the ability to interlace all that we see, hear and otherwise document on paper into a digital format contained on a standard CD. The interviews we conduct in the woods, barns, vehicles, places of work, and local police departments across Indiana are all documented with what we carry in our computer cases.

Each Conservation Officer Detective has an issued laptop, digital voice recorder, and web camera. The voice recorders contain a memory stick capable of storing hours upon hours of recordings. The web camera is used to record video as well as act as an audio backup. The camera plugs into the laptop and records the video in an mpeg format that is easy to copy onto a CD. The finished product is set up so that it can play on just about any computer. Even though the entire audio and video recording is included in the case packet, short clips can be inserted into the narrative itself with the use of hyperlinks. Hyperlinks are avail-

able with Microsoft Word and Excel and are easy to use. You have probably seen links such as this in the form of email addresses and web sites. The first step in creating a hyperlink is highlighting the word being used as a link to your digital information. Next, click on the hyperlink button in the tool bar at the top of the screen. The hyperlink button looks like a green globe with three links of chain. Clicking this makes a command box appear that allows you to select the document, audio, or video clip you wish to insert. As a result, the link you initially selected in the case narrative will appear in blue underlined print. Thus, by following a simple process you can connect the reader of your streamlined case report to a wealth of digital information.

Gathering evidence, statements, and documenting all of the facts that either prove or disprove a case is crucial. However, no matter how skilled an investigator is at collecting and reporting data, the real key is the way this data is perceived by its recipient. By using technical resources to condense the key data in a case report while linking its reader to additional information, you can unlock the door to what it was that was making your suspect sweat.

INSURANCE BENEFIT FRAUD

by Patti Serbus, SBOA

The Office of Inspector General (OIG) investigations of fraud, waste, abuse, and wrongdoing may occur in any aspect of state government. Consider the following scenario where employees may have enrolled unqualified dependents in one or more of the state's medical plans.

As you know, full-time state employees and their qualified dependents are eligible to participate in various insurance benefit programs. The state funds both fully-insured and self-insured plans. M-Plan and Delta HMO are examples of fully-insured plans and Traditional I and II and Delta I and II plans are self-insured. The state's cost for fully-insured plans include the employer share of plan premiums paid to the insurance carriers. For self-insured plans, the state pays Anthem and Delta to administer the plans with the majority of costs generated from paid claims to the service providers. The state pays claims from deposits of both employer and employee premiums in a dedicated fund/center.

If employees enroll unqualified dependents in their plans, the state may incur unnecessary costs due to excess premium payments and/or benefit claims. For fully-insured plans, the state may pay premiums for family coverage when only single coverage is appropriate. For self-insured plans, the state would pay claims for inappropriate services.

The Certificate of Coverage (COC) for each plan, available on the State Personnel Department's benefit information webpage, defines a dependent as: a spouse of an employee or any unmarried dependent children, step-children, foster children, legally adopted children of the employee or spouse, or children residing in the employee's home for whom the employee or spouse have been appointed legal guardians. Children must be under the age of 19 (or 23 if a full-time student in an educational institution) to qualify.

It is not appropriate for the state to pay for medical coverage of ineligible dependents. Employees should be cognizant of the importance of submitting correct benefit information upon employment with the state and during yearly open enrollment. According to some insurance carriers,

an eligible person who commits fraud or misrepresents the facts could have their coverage terminated.

Several cases of fraud have been detected which have resulted in improper payment of state funds. These cases are currently under investigation and may result in prosecution.

Please share this information with your payroll/benefits staff and notify the Office of Inspector General should any improprieties become known. The OIG will investigate and take appropriate action.



OIG REPORT PROTOCOL FOR INVESTIGATIONS

Inspector General David O. Thomas reports to Governor Mitchell E. Daniels, Jr., as follows:

The Office of Inspector General (“OIG”) is a new agency within Indiana Government. In the first few months, and even before the passage of the OIG enabling statute,¹ a protocol began to develop between the OIG and the various state agency investigators and auditors. The purpose of this report is to formalize this protocol.

Part of the duties of the OIG is to coordinate investigations on behalf of the Executive Branch of Indiana Government. Specifically, IC 4-2-7-2(b) states that “the Inspector General is responsible for addressing fraud, waste, abuse, and wrongdoing in state agencies.” IC 4-2-7-3 goes on to state that:

The inspector general shall do the following:

- (1) Initiate, supervise, and coordinate investigations.
- (2) Recommend policies and carry out other activities designed to deter, detect, and eradicate fraud, waste, abuse, mismanagement, and misconduct in state government.
- (3) Receive complaints alleging the following:
 - (A) A violation of the code of ethics.
 - (B) Bribery (IC 35-44-1-1).
 - (C) Official misconduct (IC 35-44-1-2)
 - (D) Conflict of interest (IC 35-44-1-3).
 - (E) Profiteering from public service (IC 35-44-1-7).



(F) A violation of the executive branch lobbying rules.

(G) A violation of a statute or rule relating to the purchase of goods or services by a current or former employee, state officer, special state appointee, lobbyist, or person who has a business relationship with an agency.²

Perhaps the most encompassing criminal statutory jurisdiction for the OIG is from the “official misconduct” criminal statute, listed above, which makes it a class D felony for a public servant to commit an act that he or she is prohibited by law from committing.³

Even before the passage of Public Law 222 in May of 2005, a close relationship in the beginning months developed between the OIG and many of the internal investigators and auditors within the various state agencies. Three examples of this include the following.

First, in April of 2005, the Department of Natural Resources (“DNR”) reported the fact that someone was attempting to bribe a DNR employee. This was reported to the OIG whereby OIG special agents investigated the case, videotaped the bribe, obtained a confession from the private contractor and submitted the case to the Marion County Prosecuting Attorney who then filed criminal charges.⁴

A second example involved the Indiana Department of Transportation (“INDOT”). Here, an internal INDOT investigator reported change-order abuse by INDOT employees. An investigation ensued, and it was determined that in the year 2004, \$68 million of additional state taxpayer money had been spent on 1,750 change-orders. The investigation also focused on an INDOT field

PROTOCOL CONT'D

office where various abuses were discovered through the change-order process.⁵

A third example includes the multiple investigations developed with the Bureau of Investigation ("BOI") and the Audit Section within the Family and Social Services Administration ("FSSA"). These respective investigative and auditing arms of FSSA have brought several criminal cases to OIG for further investigation. Criminal charges have resulted this same year.⁶

Based upon (A) the statutory charge to the OIG to coordinate investigations, (B) the developing relationships discussed above, and (C) further due to the need to establish an orderly coordination of investigations, the OIG accordingly makes the following recommendations:

1. All agency investigators and auditors shall report to the OIG all criminal and ethics matters that are to be investigated under the above statutory jurisdiction. Should an agency not have investigators or auditors, the agency leader may designate a representative to make these submissions.
2. The OIG will coordinate the investigation and elect whether to lead or remain in a supportive role to the investigation. The OIG will supply, where appropriate, its statutory authority to issue subpoenas, search warrants, and sworn statements.
3. If the OIG is not the lead investigating unit, the internal state agency investigators and auditors shall supply regular supplemental reports to the OIG on the progress of the qualifying investigation, upon a schedule selected by the OIG and communicated to the agency. However, in the case of a current state employee, current special state employee, or contractor doing or seeking business with the state, if significant and substantive wrongdoing is discovered at any time in an investigation, it will be the responsibility of the internal state agency investigators or auditors to immediately appraise the OIG in the manner established by the OIG. The OIG may choose to remain in support or assume the lead. Upon the conclusion of the investigation in which the OIG is not the lead unit, the OIG shall be involved in the submission of the case to the county prosecutors or Indiana State Ethics Commission, all as provided by Indiana statute.

4. It will be the responsibility of the affected agency to advise the OIG regarding development and implementation of corrective action plans designed to prevent reoccurrences of wrongdoing. The OIG should be given an opportunity to comment upon any such proposal prior to implementation.

The OIG respectfully submits that the above protocol be formally established, effective immediately.

Dated this 16th day of November, 2005.



David O. Thomas, Inspector General

Footnotes:

1 Public Law 222, passed in May of 2005, statutorily created the Office of Inspector General ("OIG"). The OIG had previously been established by Executive Order 2005-05 by Governor Daniels on January 10, 2005.

2 The OIG is also charged to report criminal activity to the Governor as well as the corresponding local Prosecuting Attorney and law enforcement agencies.

3 A public servant who:

(1) knowingly or intentionally performs an act that the public servant is forbidden by law to perform;

(2) performs an act the public servant is not authorized by law to perform, with intent to obtain any property for himself or herself;

(3) knowingly or intentionally solicits, accepts, or agrees to accept from an appointee or employee any property other than what the public servant is authorized by law to accept as a condition of continued employment;

(4) knowingly or intentionally acquires or divests himself or herself of a pecuniary interest in any property, transaction, or enterprise or aids another person to do so based on information obtained by virtue of the public servant's office that official action that has not been made public is contemplated;

(5) knowingly or intentionally fails to deliver public records and property in the public servant's custody to the public servant's successor in office when that successor qualifies; or

(6) knowingly or intentionally violates IC 36-6-4-17(b); commits official misconduct, a Class D felony.

4 See Inspector General Report 2005-03-0209.

5 See Inspector General Report 2005-01-0043.

6 See e.g.: Inspector General Report 2005-06-0303 (EBT fraud) and 2005-07-0353 (1st Steps fraud).